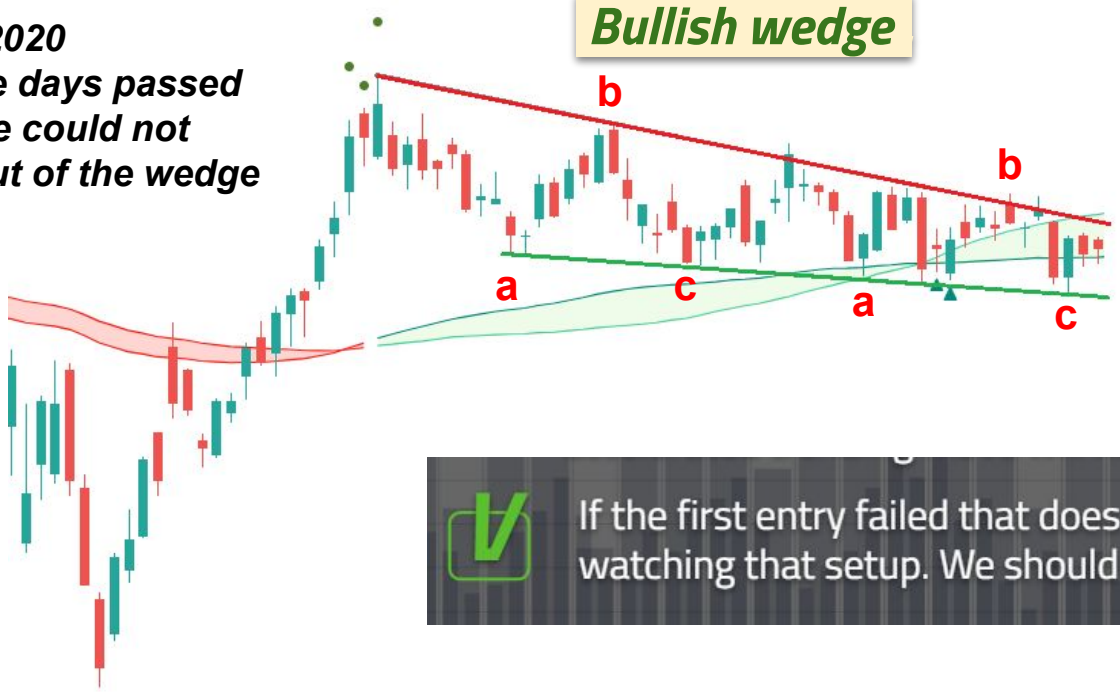
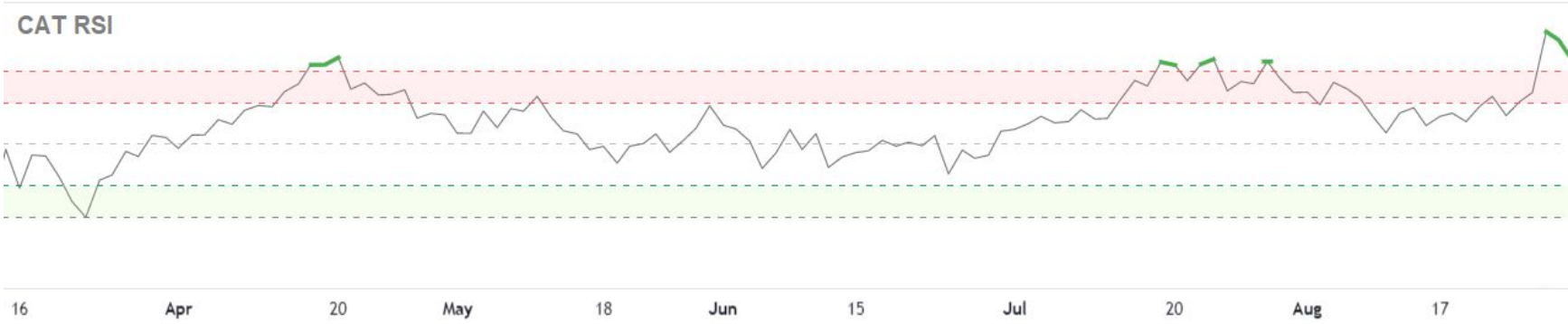
29 Jun 2020
six more days passed
but price could not
break out of the wedge



The bullish wedge setup gets triggered when bulls manage to close a daily candle over resistance of the upper trend line

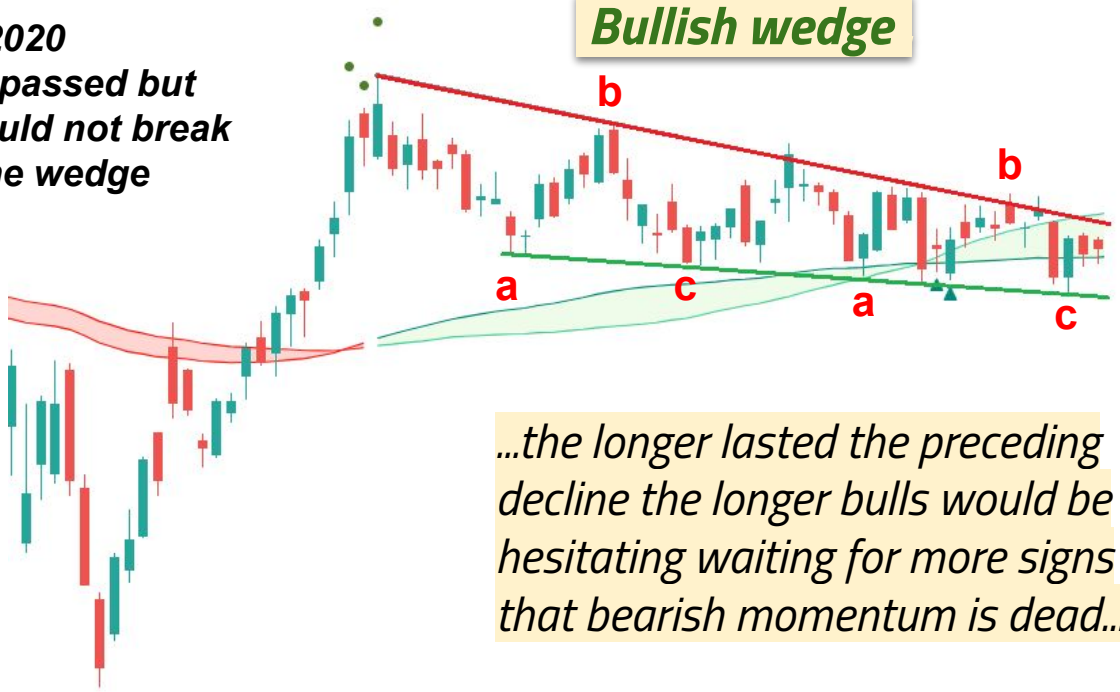
If the first entry failed that does not mean a trader should stop watching that setup. We should wait for another entry

ABT Daily chart, May - June 2020



29 Jun 2020
11 days passed but price could not break out of the wedge

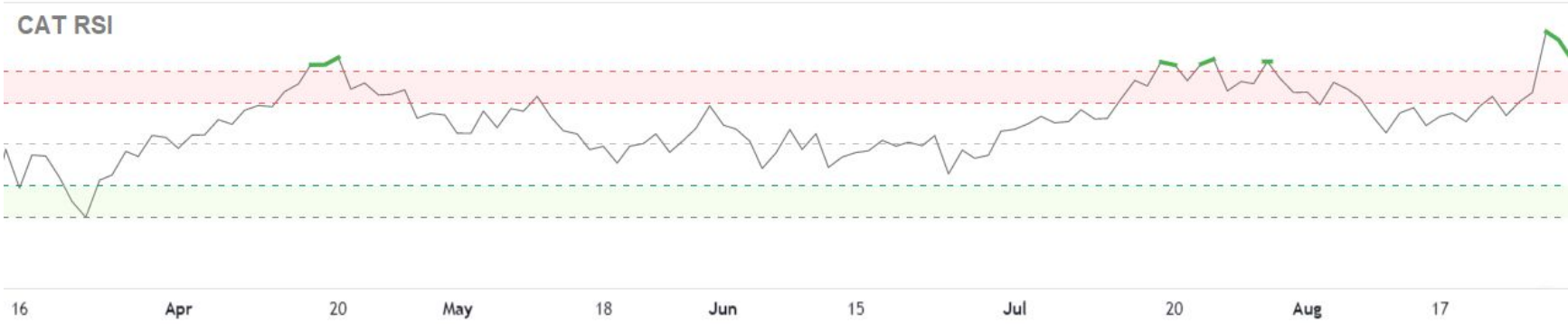
Bullish wedge



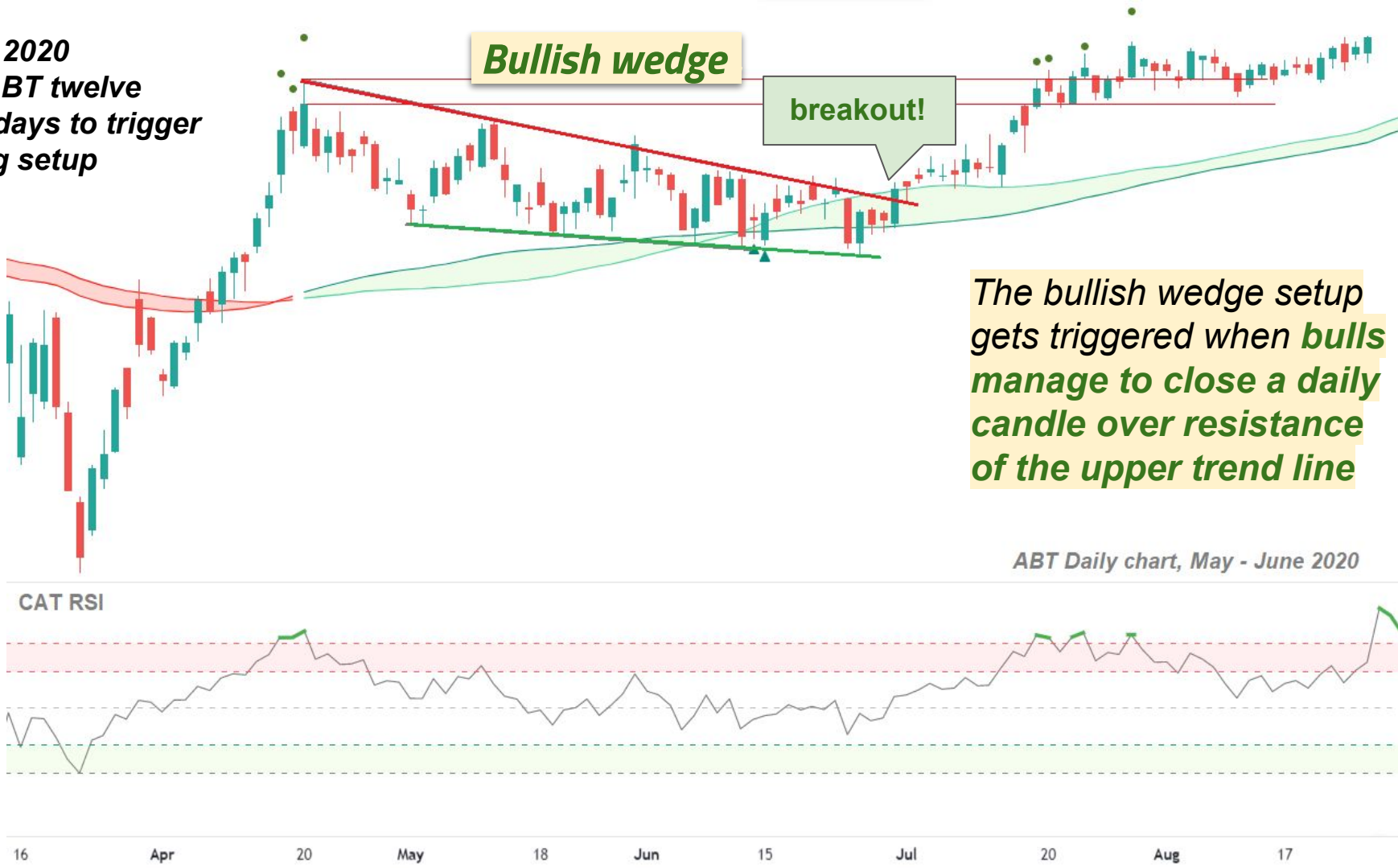
A corrective structure may be shaped as a simple a-b-c down zig-zag or a ***more complex combination of two a-b-c down zig zags***

...the longer lasted the preceding decline the longer bulls would be hesitating waiting for more signs that bearish momentum is dead...

ABT Daily chart, May - June 2020



30 June 2020
It took ABT twelve trading days to trigger that long setup



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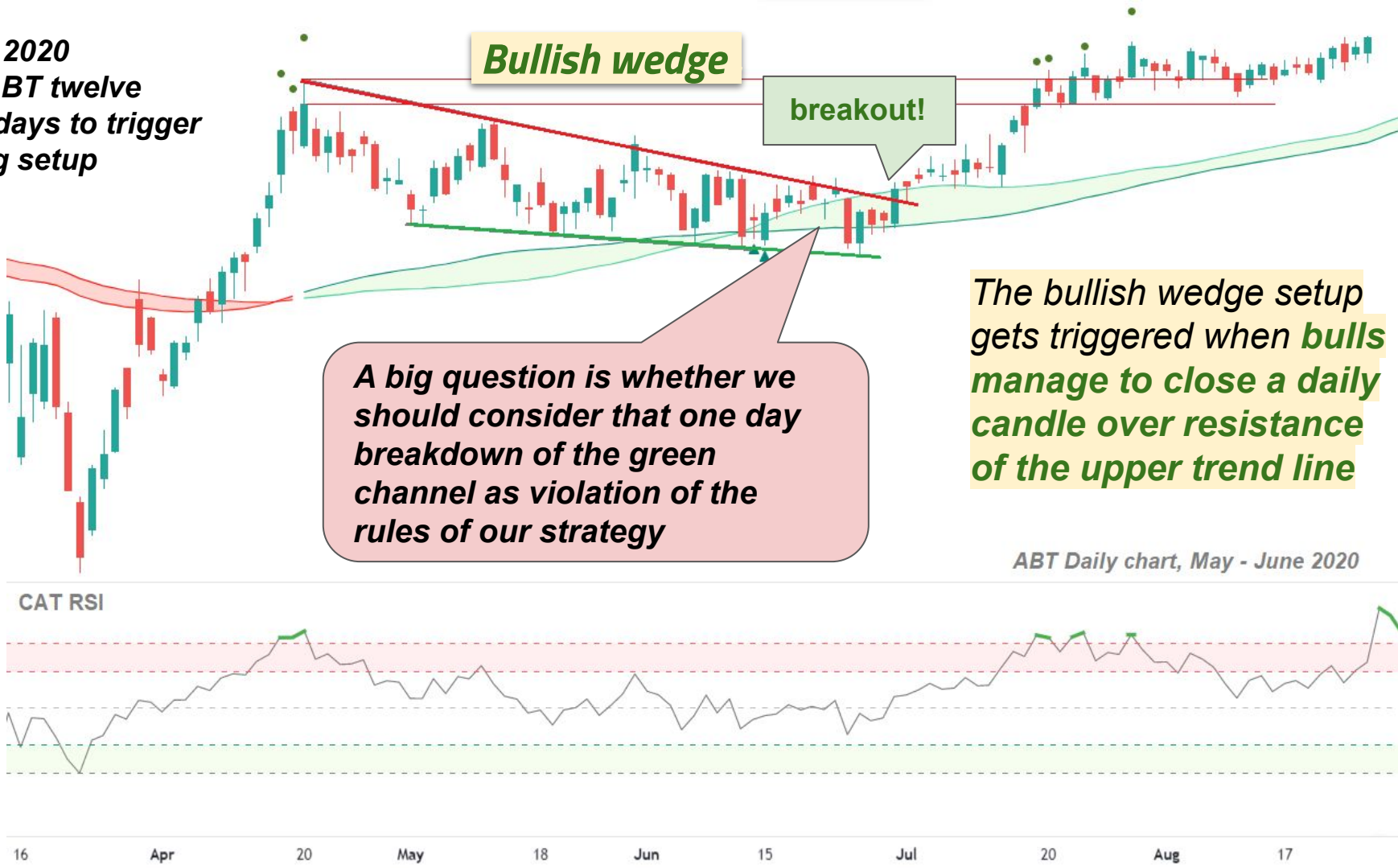
Bullish wedge
breakout!
A big question is whether we should consider that one day breakdown of the green channel as violation of the rules of our strategy
The bullish wedge setup gets triggered when bulls manage to close a daily candle over resistance of the upper trend line
ABT Daily chart, May - June 2020
CAT RSI
16
Apr
20
May
18
Jun
15
Jul
20
Aug
17

Overshot of the Demand Channel
Bullish wedge
A big question is whether we should consider that one day breakdown of the green channel as violation of the rules of our strategy
ABT Daily chart, May - June 2020
CAT RSI
We can tolerate that one day overshot of the demand channel as long as RSI holds over 40
16
Apr
20
May
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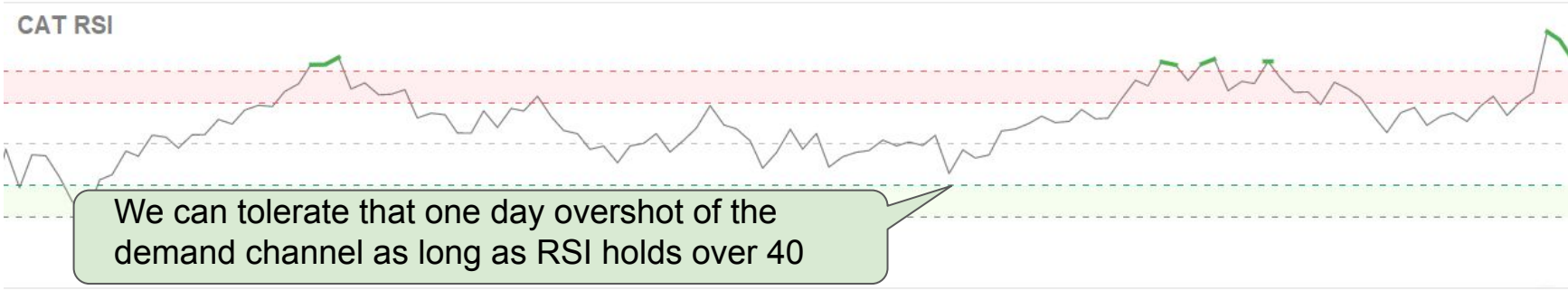
Jun
15
Jul
20
Aug
17

Overshot of the
Demand Channel

A big question is whether we should consider that one day breakdown of the green channel as violation of the rules of our strategy

ABT Daily chart, May - June 2020



We can tolerate that one day overshot of the demand channel as long as RSI holds over 40

RSI can help us to confirm start of an uptrend
breakout!
Look for RSI to cross over 50 line to confirm start of a new up trend!
ABT Daily chart, May - June 2020
CAT RSI
50 line
16
Apr
20
May
18
Jun
15
Jul
20
Aug
17

Takeaways

- Sometimes a corrective pullback is shaped as a combination of two a-b-c structures. As long as RSI holds over support of 40 level we should consider that complex pullback a legit long setup

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- We can tolerate one day overshot of the Demand channel if (i) RSI holds over support of 40 level and (ii) bulls manage to push price back into the Green Demand channel the following day

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- Sometimes a corrective pullback is shaped as a combination of two a-b-c structures. As long as RSI holds over support of 40 level we should consider that complex pullback a legit long setup
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Takeaways

- Sometimes a corrective pullback is shaped as a ***combination of two a-b-c structures***. As long as RSI holds over support of 40 level we should consider that complex pullback a legit long setup
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